
From: [REDACTED] (CLIMA)
Sent: 24 July 2017 13:54
To: [REDACTED] (CLIMA); [REDACTED] (CLIMA); [REDACTED] (EEAS-BANGKOK); [REDACTED] (EEAS-BEIJING); [REDACTED] (EEAS-BEIJING); [REDACTED] (CLIMA); [REDACTED] (CLIMA); [REDACTED] (CLIMA); [REDACTED] (CLIMA)
Cc: CLIMA A02 ARES; [REDACTED] (CLIMA)
Subject: Report from CCS mission to Beijing
Attachments: NZEC 2009 MoU.pdf

To clarify next steps on EU-China CCS cooperation, [REDACTED] (FPI Asia/Pacific regional team), [REDACTED] (EU Delegation Beijing) and I met Chinese planning ministry NDRC and science/technology ministry MOST on 18-19 July in Beijing.

To summarize, NDRC seemed fine with reorienting our longstanding EU-China Near-Zero Emission Coal (NZEC) cooperation from preparation of Chinese CCS projects towards policy dialogue. MOST, however, strongly insisted on fulfilment of the 2006 and 2009 EU-China NZEC MoUs, which included 7 MEUR potential EU support for NZEC phase II (pre-feasibility and feasibility studies on concrete Chinese CCS sites). A common understanding was nonetheless reached on the next steps: (i) CLIMA note to MOST to up-date on NZEC-funding and policy-situation on EU-side; (ii) responding note MOST to CLIMA focussing on the situation at NZEC sites; (iii) likely Chinese participation in the CCS conference in Brussels in spring 2018.

In more detail: The meeting with Mr. [REDACTED], NDRC [REDACTED], and his team on 18.7. was held in a pleasant atmosphere. The [REDACTED] is not deeply involved in CCS. Similarly to the EU, China (NDRC) seems to see CCS as an important decarbonisation technology in the long-term, but is struggling to get real-life projects off the ground, lagging behind Canada and US. 'There is still a lot of scepticism on CCS in China'. A first large CCS project in Yanchang got a final investment decision recently, with several other plants at different stages of preparation. The legal and strategic sector framework is less developed than in the EU. We agreed that Carbon Capture and Utilization (CCU) is an important trend that could also be discussed in the NZEC framework. In general, [REDACTED] stressed the need for bottom-up work to raise acceptance, stake-holder consultations, and cooperation with universities. EU-initiated structures like the Zero Emissions Platform might serve as inspiration to China. There was no sufficient technical basis at the meeting to discuss a detailed future EU-China CCS work and dialogue programme. At least we agreed that near zero emission zones, a favourite topic of the [REDACTED], should be better dealt under the EU-China cities cooperation. As a next step we promised an invitation to a CCS event in the EU next year (likely the Brussels CCS conference in spring), where policy dialogue can continue. Topics of Chinese interest for the Brussels conference include a presentation from their side on the Yanchang project, info from the EU on stakeholders involvement and the EU CCS Directive more broadly, and CCU.

The meeting on 19.7. with Ms. [REDACTED], MOST [REDACTED] and her team from the ministry and associated think tank ACCA21, was more confrontational. The [REDACTED] seemingly had the Chinese version of our 2009 MoU on the table (see English version attached), and demanded its implementation, including the 'considered' 7 MEUR on p.2 of the doc. We explained that we had indeed considered funding of up to 7 million euros under the Partnership Instrument for the preparation of the feasibility studies (NZEC phase IIB) at the pre-selected sites Tianjin/Huaneng and Shengli/Sinopec, but were then informed that project owners of both sites lost interest in NZEC. We had received this info through planned project implementer Asian Development Bank and the NDRC through DEL Beijing, which gave MOST occasion to complain that our direct contact with them came late. However, MOST had to concede that both Huaneng and Sinopec decided to go ahead with feasibility studies for the two sites outside the NZEC framework, and that there had been delays on both the Chinese and the EU side (e.g. [REDACTED] had been in Bxl already two times in 2017, but failed to contact CLIMA; on delays on the EU side, we first had to secure funding through the Partnership Instrument before we could plan next steps with MOST). We made it clear that the EU cannot double-finance feasibility studies done by the firms. Finally, we managed to agree on the next steps: Note from CLIMA to MOST on directors' level (copy to NDRC) still in August, explaining the NZEC financial

situation (currently up to 1 MEUR for CCUS policy dialogue through PI), and interest to reorient NZEC towards policy dialogue; reply from MOST focusing on the state of the Tianjin and Shengli sites.